

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 AID-20 OPIC-12 IGA-02 L-03 DRC-01

COME-00 CIAE-00 INR-10 NSAE-00 RSC-01 /068 W

----- 116549

R 011149Z JUN 74

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 236

INFO AMEMBASSY MBABANE

AMEMBASSY NAIROBI

C O N F I D E N T I A L LUSAKA 1081

E.O. 11652: GDS

TAGS: EFIN, ZA, US

SUBJECT: TAW

REF: STATE 084886

NAIROBI FOR REDSO

MBABANE FOR OSARAC

1. GRZ CONTINGENCY COMMITTEE STAFF HAS MADE REQUEST OF EMBASSY FOR USG FACILITATIVE ASSISTANCE ON PENDING ORDER WITH DORON PRECISION SYSTEMS FOR SIMULATOR TO BE FINANCED UNDER AID PROGRAM LOAN. WE ARE ASKED TO PERSUADE DORON TO SHORTEN NINE-MONTH DELIVERY DATE IN VIEW OF ZAMBIA'S TRANSPORT EMERGENCY. RECOMMND ASSISTANCE BE EXTENDED UNLESS THERE ARE OVER-RIDING POLICY CONSIDERATIONS DISCUSSED BELOW. IN THIS CASE EMBASSY REQUESTS GUIDANCE ON REPLY IT SHOULD GIVE TO GRZ.

2. ZAMBIAN REQUEST FOR FACILITATIVE ASSISTANCE RAISES QUESTION AS TO WHAT IF ANY STALLING ACTION (PGH 6 REFTEL) DEPT AND/OR AID MAY HAVE TAKEN AND SUCCEEDED WITH AS RESULT OF URGING BY TAW PRESIDENT WOOD FOR SOME FORM OF "OFFICIAL RETALIATION" IN ORDER TO STRENGTHEN HIS NEGOTIATING HAND WITH GRZ FOLLOWING ITS REPUDIATION OF TAW CONTRACT.

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3. IN WOOD'S CONVERSATIONS AT EMBASSY HE TAKES CREDIT FOR

EFFECTIVELY BLOCKING GRZ USE OF PROGRAM LOAN FOR PURPOSES RELATED TO TRANSPORT. WE HAVE NOT CHALLENGED HIM ON THIS POINT FOR LACK OF CLARIFICATION FROM REDSO OR DEPT/AID AS TO MORAL AND LEGAL BASIS FOR SUCH POLICY ON AID LOAN, IF INDEED BLOCK ACTUALLY IMPOSED AND IN EFFECT. WE HAVE QUESTIONS REGARDING PROPRIETY OF SO ACCOMMODATING AN INDIVIDUAL U.S. FIRM, BUT MORE IMPORTANT WE ARE CONCERNED WITH APPEARANCE THAT SUCH ACTION TENDS NULLIFY VERY PURPOSE FOR WHICH LOAN GRANTED IN FIRST PLACE, I.E., TO DEMONSTRATE USG POLITICAL AND MATERIAL SUPPORT FOR ZAMBIA IN TIME OF SPECIAL ECONOMIC NEED.

4. BLOCKING ACTION ALSO APPEARS CONTRARY TO SPIRIT IF NOT ACTUAL TERMS OF LOAN AGREEMENT BY ESTABLISHING IN GRZ MIND A TIGHT USG-TAW LINK OR IDENTITY, THUS MAKING US APPEAR AS PARTISANS IN COMMERCIAL DISPUTE WHICH HAS AWKWARD POLITICAL OVERTONES IN ZAMBIA. WE HAD UNDERSTOOD OUR POLICY WAS ONE OF WISHING THE PARTIES TO THE DISPUTE WELL IN THEIR SEARCH FOR AMICABLE SETTLEMENT; KEEPING OUR DISTANCE; AND STANDING READY TO LEND WHATEVER ASSISTANCE MIGHT BE APPROPRIATE.

5. IF BLOCKING POLICY IN EFFECT, IT WOULD SEEM INAPPROPRIATE NOW AS AMICABLE SETTLEMENT IN THE MAKING, BASED ON WOOD'S STATUS REPORTS.

6. WOULD BE HELPFUL HAVE DEPT/AID VIEWS PRIOR TO OR DURING VISIT TO LUSAKA OF OPIC VP GREGG JUNE 6-7.
WILKOWSKI

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